

Message Text

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PAGE 01 STATE 200885
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O 041320Z MAY 77
FM SECSTATE WASHDC
TO AMEMBASSY REYKJAVIK IMMEDIATE

C O N F I D E N T I A L STATE 100885

FOR AMBASSADOR FROM ASSISTANT SECRETARY HARTMAN

E.O. 11652: GDS

TAGS: PFOR, MARR, IC, US, NATO

SUBJECT: US GOVERNMENT DECIDES AGAINST CONTRIBUTION TO
CIVILIAN AIR TERMINAL

REFS: (A) REYKJAVIK 579; (B) REYKJAVIK 590

1. THE PRESIDENT HAS DECIDED AGAINST MAKING A FINANCIAL
CONTRIBUTION TO THE CIVILIAN TERMINAL AT KEFLAVIK AND
I HAVE CALLED IN AMBASSADOR ANDERSEN TO INFORM HIM OF
OUR DECISION. THE MEETING IS SCHEDULED FOR 11:30 A.M.
MAY 4.

2. FOLLOWING ARE POINTS I INTEND TO MAKE:

-- A DECISION HAS JUST BEEN MADE ON THE TERMINAL
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PAGE 02 STATE 200885

QUESTION. I REGRET THAT THE UNITED STATES WILL BE
UNABLE TO CONTRIBUTE TO THE CONSTRUCTION OF THE
CIVILIAN TERMINAL BUILDING.

-- I WISH TO REAFFIRM OUR INTENTION TO LIVE
UP TO THE TERMS OF THE 1974 MEMORANDUM OF UNDERSTANDING
AND TO ADVISE YOU THAT THIS DECISION IN NO WAY

DIMINISHES OUR COMMITMENT TO THE FULL SEPARATION OF
FACILITIES AT KEFLAVIK.

-- WE ARE PREPARED TO MAKE A SUBSTANTIAL EXPENDITURE --
\$25 MILLION -- TOWARD THE CONSTRUCTION OF TAXIWAYS,
RAMPS AND ROADS AT THE TERMINAL COMPLEX.

-- THE DEPARTMENT OF DEFENSE IS PROHIBITED, BY LAW,
FROM FINANCING A CIVILIAN PROJECT.

-- IN ANOTHER AREA, WE ARE HOPEFUL OF REACHING
AN AGREEMENT ON GEOTHERMAL HEAT WHICH, APART FROM UNIT
ENERGY COSTS, WILL RUN US BETWEEN \$15 AND \$20 MILLION
IN CONVERSION EXPENSES.

-- OUR CONSIDERATION OF THE TERMINAL QUESTION WAS
NOT HELPED BY FOREIGN MINISTER AGUSTSSON'S APRIL 26TH
STATEMENT TO THE PARLIAMENT THAT HE PERSONALLY FAVORS
TERMINATION OF THE US-ICELANDIC DEFENSE AGREEMENT AND
THE WITHDRAWAL, IN STAGES, OF THE US-MANNED IDF.

-- I AM HOPEFUL THAT THE SECRETARY OF STATE WILL BE ABLE TO
RECEIVE FOREIGN MINISTER AGUSTSSON IN JUNE FOR A BRIEF
REVIEW OF BILATERAL AND INTERNATIONAL ISSUES.

3. FOLLOWING MY MEETING YOU CAN DEMONSTRATE FAMILIARITY
WITH THE DECISION AS WELL AS THE ADDITIONAL POINTS COMMUNICA-
TED TO ANDERSEN. YOU ARE ALSO AUTHORIZED TO INITIATE
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PAGE 03 STATE 200885

DISCUSSION OF THE TERMINAL QUESTION WITH APPROPRIATE
SENIOR OFFICIALS OF THE ICELANDIC GOVERNMENT AT YOUR
DISCRETION.

4. I HOPE THIS APPROACH WILL MAKE YOUR IMPORTANT TASKS
IN REYKJAVIK SOMEWHAT EASIER DURING WHAT COULD
BECOME AN UNCERTAIN PERIOD IN US-ICELANDIC RELATIONS.

5. ASSUME YOU WILL PASS ON THE CONTENTS OF THIS MESSAGE
TO THE IDF COMMANDER.
VANCE

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Message Attributes

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Disposition Approved on Date:
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